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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 23, 2012

Glenn Williams
Cotter Corporation
Po Box 700
Nucla, Colorado 81424

Subject: Conditional Approval of Amendment with Five-Year Review of Reclamation Surety Estimate, Cotter Corporation, Papoose Mine, M/037/0084, San Juan County, Utah

Dear Mr. Williams:

The Division of Oil, Gas and Mining approves the amendment received January 18, 2012, for the Papoose mine conditional on the following items:

1. The clarification of the cultural resources survey of the expansion area needs to be submitted to the School and Institutional Trust Lands Administration for their review and findings concerning potential impacts.
2. The reclamation surety needs to be increased to \$196,500.00 (2017 dollars for the entire mine).

The surety may be increased through a rider to your existing surety bond or by submitting a letter of credit, a certificate of deposit, or cash for either the full or increased amount. Please contact Penny Berry at 801-538-5291 to obtain the current bonding forms or if you have questions about submitting the surety. You may also access the current forms on the Internet at www.ogm.utah.gov. Once the surety has been increased, the Division will need to have you sign an addendum to the reclamation contract which will be provided to you.

Thank you for your help in keeping the surety and the plan current. If you have any questions concerning this letter, please contact Tom Munson at (801) 538-5321.

Sincerely,

Paul Baker
Minerals Mining Manager
Minerals Regulatory Program

PBB:tm:pb
Attachment: Surety Spreadsheet
cc: abedingfield@utah.gov
P:\GROUPS\MINERALS\WP\M037-SanJuan\M0370084-Papoose\final\tent-4593-2062012.doc



Papoose	M/037/0084		
Surety Escalation	February 6, 2012		
	Percentage increase/year	Surety amount in <year> dollars	
2001	4.21%	1.0421	
2002	2.02%	1.0202	\$0.00
2003	1.71%	1.0171	\$0.00
2004	0.84%	1.0084	\$0.00
2005	3.99%	1.0399	\$0.00
2006	5.44%	1.0544	\$0.00
2007	2.12%	1.0212	\$174,755.96
2008	-3.40%	0.966	\$178,460.79
2009	2.90%	1.029	\$172,393.12
2010	1.80%	1.018	\$177,392.52
2011			\$180,585.59
2016		1.017	\$196,466.20
Rounded to nearest \$100			\$196,500.00

Note: The surety amount is listed in the row of the year in which it was calculated.
The escalation factor for a year is applied to the surety amount to take it to the next year.
The cost estimate in 2007 dollars (\$100,165) was for 47 acres.
The cost for 82 acres was obtained by multiplying \$100,165 by 82 and dividing by 47.
This amount was then escalated forward to 2016.

SURETY ESTIMATE UPDATE

Cotter Corporation

Date

18-Jan-07

Papoose Mine

FILE #

M/037/084

San Juan County

Prepared by Utah Division of Oil, Gas & Mining

Last Update

8/2/2000

DESCRIPTION:

- Previous reclamation surety estimate was \$94,700 in year 2000 dollars
- Reclamation Estimate base amount calculated in 2000-\$

Details of Final Reclamation

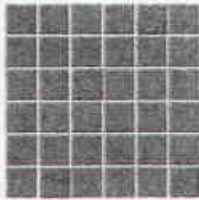
Pit Highwalls (16 ft vertical height) will be backfilled to a slope of 2h:1v or less, soiled, ripped and seeded. Salvaged topsoil will be replaced to a depth of 12 inches on pit floors in "islands", fertilized, ripped and seeded.

All structures and debris will be removed within the pit area when the mine closes. Disturbed areas that do not receive topsoil will not be fertilized or seeded.

- This update adjusts the surety amount for escalation only.
- Escalation factors through 2006 are actual Means Historical Cost Indices
- Total disturbed area = 47 ACRES

CALCULATIONS $F = P(1 + i)^{**n}$	YR	ESCAL FACTOR	BOND AMOUNT
	1995	0.0193	\$0
F = Future Sum	1996	0.0242	\$0
P = Present Sum	1997	0.0236	\$0
i = Escalation Factor	1998	0.0502	\$0
n = number of periods	1999	0.0191	\$0
	2000	0.0244	\$81,180
Three Yr Average =3.20%	2001	0.0421	\$84,598
Used to Project 5 Yrs	2002	0.0202	\$86,307
From the Year 2007	2003	0.0171	\$87,782
	2004	0.0084	\$88,520
	2005	0.0399	\$92,052
	2006	0.0544	\$97,059
	2007	0.0320	\$100,165
	2008	0.0320	\$103,371
	2009	0.0320	\$106,678
	2010	0.0320	\$110,092
	2011	0.0320	\$113,615
	2012	0.0320	\$117,251
Updated Surety Amount Rounded (2012-\$)			\$117,300

** Average cost per acre = 2495 (\$/ACRE)



State of Utah
School & Institutional
Trust Lands Administration

Gary R. Herbert
Governor

Greg Bell
Lieutenant Governor

Kevin S. Carter
Director

675 East 500 South, Suite 500
Salt Lake City, UT 84102-2818
801-538-5100
801-355-0922 (Fax)
www.trustlands.com

M/037/0084
cc: Tom

RECEIVED

FEB 10 2012

DIV. OF OIL, GAS

February 7, 2012

Cotter Corporation, NSL
Glen Williams
P.O. Box 700
Nucla, CO 81424

RE: Limestone Lease ML 45609 – Papoose Quarry
Township 29.5 South, Range 24 East, SLB&M
Section 36: W $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$

Dear Mr. Williams:

Thank you for submitting your Notice of Intent dated December 22, 2011 to amend the mining plan for the Papoose Quarry (M/037/084) on the above numbered permit. Your plan of operation is acceptable to trust lands. It is determined that the new mining area has not been surveyed for cultural resources. Prior to any ground disturbance within the proposed additional mining areas, please submit a cultural survey performed by a licensed archaeologist. In addition, you must obtain such permit as may be required by the Division of Oil, Gas & Mining prior to commencing the proposed operations. Also, post such reclamation bond as may be required by that agency.

Please contact if you have any questions.

Sincerely,

Andy Bedingfield
Mineral Resource Specialist

CC: Tom Munson